

SECRETARY OF DEFENSE WILLIAM J. PERRY
LETTER TO SEN. SAM NUNN AND OTHER MEMBERS OF CONGRESS REGARDING THE
NEED FOR FY 1995 SUPPLEMENTAL FUNDS TO ALLEVIATE THE READINESS
PROBLEM, AS REPORTED IN THE PRESS
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Army Readiness Lower Than Reported, Perry Says

Haiti Costs Understated, Too, Republicans Say

By Bradley Graham
and John F. Harris
Washington Post Staff Writers

The Pentagon announced yesterday that operations in Rwanda, Haiti and elsewhere have left the Army in a much lower state of combat readiness than the Clinton administration was acknowledging as recently as a few weeks ago.

A few hours after congressional Republicans complained military forces are starting to fray badly, Defense Secretary William J. Perry released a letter disclosing that three of the Army's 12 divisions are far below peak preparedness. Additionally, military officials said two of the Army's main quick-reaction units would be unable to fulfill some of their missions if they were ordered into combat today.

News of the readiness gap comes

just a month after Deputy Defense Secretary John M. Deutch brushed aside GOP complaints by boasting that U.S. military preparedness is better than it was at the start of the Persian Gulf War in 1991. Deutch said yesterday he was unaware then of the Army's new low readiness ratings.

Even before Perry's admission, made in a letter to Capitol Hill leaders, the Clinton administration was under assault from the Republicans for allegedly understating the cost of its intervention in Haiti.

The administration has said restoring President Jean-Bertrand Aristide to power in Haiti will cost about \$500 million. But GOP senators, citing their analysis, claimed the real figure is almost three times higher and rising. Some Republicans are threatening to use the cost controversy as a way to help force an early halt to the Haiti in-

tervention.

Administration officials said the Republicans are projecting costs through this fiscal year and into the next in their analysis, while the administration is reporting only funds spent, an accounting that may not satisfy the GOP but meets the law.

In disclosing the combat readiness gap, Pentagon officials yesterday said a combination of unforeseen military operations abroad, which were not promptly reimbursed with supplemental funding from Congress, led to the lowest series of readiness ratings the Army has seen in a dozen years.

Those were the years when the Pentagon was under attack for creating a demoralized and weak "hollow Army" because of insufficient funding. Now, Pentagon officials say that readiness has again sagged, as training for troops and maintenance of equipment was raided over the summer to compensate for temporary cash shortages.

Deutch, in an interview, reiterated his belief the military overall has a "strong readiness posture," and asserted the units that would be most quickly deployed in a crisis are "qualitatively better" than their counterparts several years ago. Also, he noted, the administration is spending more money per unit on readiness than previous administrations, and plans to increase this in next year's budget. Nevertheless, Pentagon officials said it would take well into 1995 for the shortcomings Perry reported to be corrected.

Yesterday morning, Rep. Floyd Spence (R-S.C.), in line to take over as chairman of the House Armed Services Committee, released a sharp letter to Deutch taking him to task on the readiness issues. "This administration is showing the classic symptoms of denial in claiming, after two years of devastating budget cuts and significant wear and tear on overextended forces, that readiness is higher than it has ever been," Spence said in a statement released with his letter to Deutch. "While official Washington may be trying to convince itself of this illusion, the picture from the field is markedly and disturbingly different."

Spence offered a half-dozen examples that he said show U.S. forces are starting to fray. According to Spence, 28 Marine and Navy aviation squadrons had to ground half their aircraft in September because of reduced operations and maintenance funding.

The Pentagon released the Perry letter at a briefing late yesterday afternoon, but Defense Department spokesman Kenneth Bacon said the decision to draft it had been made Monday, before officials knew of Spence's letter. Meanwhile, Spence's Senate counterpart, Strom Thurmond (R-S.C.), complained the United States has overcommitted itself in Haiti, and has failed to consult Congress adequately before deploying troops. Thurmond, in a statement, said he was disappointed to see the person tapped to command a U.N. peacekeeping force in Haiti, U.S. Army Lt. Gen. Daniel R. Schroeder, has been given an 18-month appointment.

The possibility that up to 3,000 U.S. troops would remain under U.N. command for such a long period even after the United States formally hands over the mission this winter "signals [Clinton's] continued disregard for the Congress's role in the decision-making process related to a mission in Haiti—a mission which serves no purpose related to the national security of the United States," Thurmond said.

The cost controversy promises to be one hammer skeptics will use to bring a prompt close to the Haiti intervention. The differences between the Senate Republican estimate and the White House estimate are in what is included and what time frame is used. Forced by an Oct. 6 Republican-pushed amendment in the Senate to submit monthly reports beginning Nov. 1 on the costs of the Haiti operation, the administration read the order narrowly, providing costs only for the most direct items and providing only expenditures made in the fiscal year that ended Oct. 1.

The Senate staff, by contrast, sought specific numbers from the State Department, Defense Department and elsewhere for a variety of Haiti items not on the White House list, such as emergency balance of payments support for Haiti, embargo enforcement aid for the Dominican Republic, along whose border with Haiti the United States was seeking to

cut the flow of oil and other goods.

Social programs such as family-planning funds for Haiti, child survival programs, food aid and other authorized spending is also included in the GOP assessment. One staff aide, who noted the effort was launched before the November elections, said of the Clinton administration, "They did not want the full costs known. They knew the public would have sticker-shock, especially before the elections."

Sen. Judd Gregg (N.H.), who has been a leader of the Senate GOP opposition to the Haiti intervention and repeatedly raised questions about the cost, said yesterday he estimates the operation will cost up to \$3 billion in U.S. funds before the U.N. peacekeeping stage, set to begin in February or March, is over. Gregg said Congress, soon to be under GOP control, ought to debate the U.S. role in the planned peacekeeping force. Speaking of the majority Republicans, he said, "There is no question most of us have no confidence in President Aristeide. And there are severe reservations about whether these tax dollars are going to have any impact on a culture that has the history it does in Haiti. In a world of limited dollars, the question to us is couldn't we use these dollars better somewhere else...?"

Briefing reporters yesterday on the readiness issue, Pentagon officials said three divisions had received a "C-3" rating, the next to worst, meaning they could conduct "many but not all wartime missions" and showed a "significant decrease in flexibility and increase in vulnerability." These divisions, officials noted, belonged to the category of Army units that would not be among the first deployed in a crisis.

However, among those units, a senior defense official disclosed one division and an armored cavalry regiment had received "C-2" ratings, meaning they had sufficient resources and training to carry out most but not all wartime missions.

Staff writer Ann Devroy contributed to this report.

ESTIMATES OF HAITI INTERVENTION COSTS

Democratic estimate:

\$483 million

Republican estimate (itemized)

Cost in millions

Multinational force and the U.N. mission in Haiti	\$600.0
Migrant processing	138.6
U.S. humanitarian assistance to Haiti	89.9
Additional U.S. assistance programs	85.3
Defense emergency relief fund	65.0
Defense operations and maintenance costs	58.6
Defense equipment, training for multinational coalition forces	50.0
Maritime interdiction	48.3
Emergency balance of payments support	45.0
Various development projects	39.6
Training of Haitian civilian police force	28.7
Organization of American States/U.N. human rights monitoring	25.4
Food aid	15.4
Emergency military equipment and training for Dominican Republic	15.0
Emergency economic recovery aid	15.0
Department of Agriculture food aid	12.6
Elections support	10.5
Police monitors and Department of Justice training program	8.5
Child survival programs	7.2
Haitian refugee processing	7.0
Family planning programs	6.0
Immediate economic assistance	4.6
Miscellaneous Coast Guard	4.3
Embargo enforcement aid for Dominican Republic	1.8
Training of Caricom (Caribbean Community) Battalion	1.6
Emergency training for Jamaican forces	1.5
TOTAL	\$1.385 billion

SOURCE: Senate Committee on Foreign Relations, Republican staff, based on Clinton administration documents

Inside the Army

Nov. 28, 1994

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Service chiefs huddle with Hamre**DEFENSE CHIEF TELLS COMPTROLLER TO FIX READINESS PROBLEM IN FY-96 BUDGET**

Defense Secretary William Perry, in the wake of the recent controversy over the ability of some Army units to respond to all contingencies, has directed the Pentagon comptroller to "fix" the readiness problem in the FY-96 budget, according to Defense Department sources.

Deputy Defense Secretary John Deutch, Pentagon Comptroller John Hamre and the service chiefs met Nov. 18 to discuss the issue, which became a hot topic when Perry recently announced three Army reinforcing divisions are at substandard readiness levels (*Inside the Army*, Nov. 21, p6).

According to Army officials, the disclosure of the readiness problem should have shocked no one; nonetheless, it made national news and directly contradicted Deutch's October assertion that the readiness of U.S. forces is as high as it has ever been.

The Army readiness deficiency "should not have come as a surprise," said Army Vice Chief of Staff Gen. John Tilelli at a recent conference.

Still, at last week's meeting of the service chiefs and OSD officials, it became apparent that not everyone was on the same page, according to officials. Specifically, Hamre and Sullivan locked horns over the readiness issue.

According to sources familiar with the Nov. 18 meeting, Hamre complained that if the Army had fully disclosed its readiness concerns prior to the submission of the FY-96/01 program objective memorandum, Army funding shortfalls could have been addressed. If that were the case, Perry's Nov. 15 disclosure, embarrassing to the White House and the Office of the Secretary of Defense, could have been avoided.

Deutch and Hamre, according to a former high-ranking service official, are "trying to pin this one on Sullivan," telling him, "you haven't given us accurate information."

According to one account, Sullivan was incensed at suggestions the Army was less than forthcoming. Army sources say his anger was justified. For the past two years, Sullivan has warned that some Army units were on the "razor's edge" and if the budget did not stabilize, these units might not be ready for battle.

Testifying before the House Armed Services Committee in March, Sullivan did say the FY-95 budget would support an adequate level of readiness in this fiscal year. He added, however, that the "FY-95 budget is our tenth consecutive budget representing negative real growth. We cannot continue in that direction forever or we will not be ready tomorrow at any level."

Sullivan, reached last week at his Ft. Myer home, denied any acrimony exists between the Army and OSD over the readiness problem. "We're working the issue," he told *Inside the Army*. The Nov. 18 lunch meeting was set up to address the matter, Sullivan said.

As the Army sees it, the FY-94 readiness problem stems from being called upon to perform a variety of missions — Somalia, Haiti, the Persian Gulf — and not being quickly reimbursed for the cost of those operations. As a result, massive amounts of funding have been drained from Army operation and maintenance coffers, which finance key readiness programs, to pay for these missions. Army Budget Director Maj. Gen. Robert Howard recently told *Inside the Army* FY-94 was "the worst year most of us can remember in terms of available resources" (*ITA*, Nov. 21, p1).

Howard said the Army is hoping Congress can quickly provide about \$1.3 billion in prior year funds spent on operations in Haiti, the Persian Gulf, and elsewhere.

"We're getting killed," says one former Army official. While Congress can provide the Army what it already has lost to pay for contingency operations, OSD will have to provide additional funds to restore the readiness of key Army divisions.

In a Nov. 15 memo to Rep. John Murtha (D-PA), Perry explained the Defense Department — the Army in particular — suffered readiness cash flow shortages in the final quarter of FY-94. These shortages were triggered in part by high year-end demands, he said. The slow delivery of supplemental funds forced the military to tap other accounts. "It is critical that we receive FY-95 supplemental funds by the March/April time frame to preclude repetition of our FY-94 experience," Perry said. — *Daniel G. Dupont and Richard Lardner*



THE SECRETARY OF DEFENSE
WASHINGTON, THE DISTRICT OF COLUMBIA

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NOV 15 1994

Senator Sam Nunn
Chairman
Senate Armed Services Committee
United States Senate
Washington DC 20515-6050

Dear Chairman Nunn:

On 4 August of this year, when I testified on behalf of an emergency supplemental and the Department's reprogramming request, I expressed concern about the impact of our operations on readiness. I noted that, if we were not reimbursed for the expenses of these operations, the Defense operation and maintenance accounts of the defense budget would pay for it, and this would have a direct and predictable negative impact on readiness. At that time, I promised to keep you advised of the effect of these and other actions resulting from readiness cash flow problems.

I have recently reviewed the readiness performance of our forces this year. Based on this review, I conclude that our force is, overall, ready to carry out the nation's tasks. It has performed magnificently in recent deployments to Rwanda, Haiti and Kuwait.

As anticipated, however, we have seen some readiness concerns that I would like to bring to your attention. As you know from my testimony before your committee, FY 1994 funding levels for operations and maintenance had little safety margin built into them. On top of this, our forces engaged in a variety of unforeseen operations that forced us to expend \$1.7 billion more than we planned in our enacted budget. Thankfully, as a result of Congressional leadership, relief was provided through supplemental appropriations.

Nevertheless, the Department did suffer some difficult readiness cash flow shortages, particularly in the fourth quarter of FY 1994. In part, these were triggered by high year-end demands on our forces -- Rwanda, Cuba, Haiti, and Kuwait in rapid succession. In part, these shortages were exacerbated by the second increment of supplemental funds being made available only after FY 1994 ended. It is critical that we receive FY 1995 supplemental funds by the March/April time frame to preclude repetition of our FY 1994 experience.

The Department took aggressive measures to minimize the effects of these temporary cash flow shortages. Examples include withdrawing rapidly forces once their missions were accomplished, using financial management measures to ensure our engaged troops could carry out their missions, and freeing operating funds by reductions in the training, maintenance, and supply of selected units.

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Notwithstanding these measures, each of the Services had to selectively cut back on readiness-related activities. In most cases, the readiness of units affected is recovering quickly with the influx of funds in FY 1995. A notable exception, however, involves three later deploying heavy reinforcing divisions in the Army. The readiness of these units fell late in FY 1994 to a point where they were capable of undertaking most, but not all, portions of the missions for which they were designed. Thus, they were rated as "C-3" under our readiness reporting system.

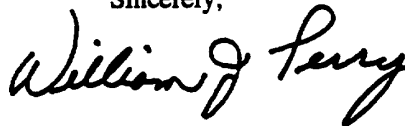
The Army is carrying out a readiness recovery plan to put these divisions on a sounder readiness footing in the second quarter of FY 1995. Nevertheless, I am not satisfied with the current readiness of these divisions and am determined to work with you and others to avoid a repetition of these circumstances in the future. The success of their recovery is directly dependent on additional funding in FY 1995.

In this regard, please permit me to suggest two areas for our cooperation in the coming year. First, we must ensure adequate funding of operations and maintenance for core readiness. As you know, my judgment is that FY 1994 funding was cut too fine for readiness, so I proposed, with the concurrence of the President and the Congress, that we increase operations and maintenance funding for FY 1995. My intention is similarly to request operations and maintenance funds for FY 1996 that will be sufficient to keep our forces ready.

Second, we must work together to provide timely supplemental appropriations. When we do not have rapid approval of these appropriations, we put our readiness at risk. We must avoid last fiscal year's experience where there was a lag of several months between submission and approval of our reprogramming requests and our second supplemental request. For the coming legislative year, my intention is to submit early, for your consideration, a request for supplemental appropriations to cover added FY 1995 costs of ongoing operations, as well as costs we have not recouped for engagements in FY 1994.

Given your steadfast commitment to keeping our forces ready and to supporting the men and women who operate them, I know I can count on your leadership to gain congressional support for these readiness funding initiatives.

Sincerely,

A handwritten signature in black ink, reading "William J. Perry". The signature is written in a cursive, flowing style with a large initial "W".

cc: Senator Strom Thurmond, Ranking Minority